Financial Management System
FFEL Lender Reporting System

Pay.gov Funds Remittance Guide

June 17, 2011

**Version – 3.3**

Contents

Introduction

The purpose of this document is to provide an overview of the Pay.gov ACH Funds Remittance process for Lenders participating in the Federal Family Education Loan Program (FFEL). This process facilitates the collection of the following fees:

➢ Quarterly FFEL Lenders' Interest & Special Allowance (LaRS) Fee
➢ Monthly FFEL Consolidation Loan Rebate Fee (CLRF)

ACH Funds Remittance

Process Overview
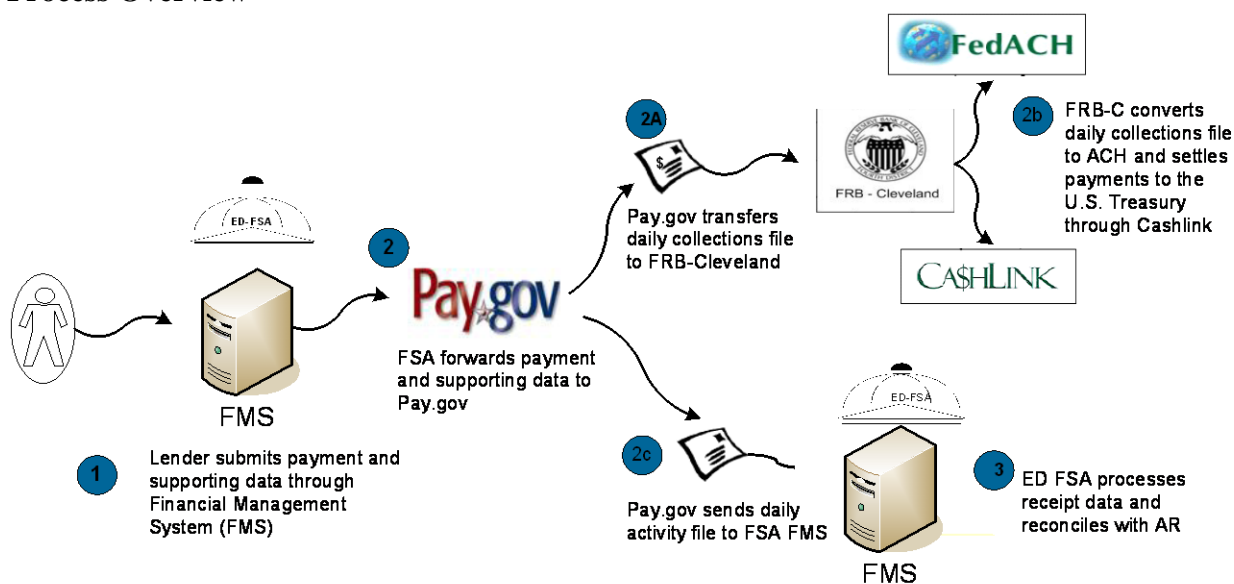
Pre-Requisites
All users must be active in the ED FSA Financial Management System (FMS) and have the "FSA LARS Lender/Servicer Payment Submission" responsibility. Security access forms are available at: http://www.fp.ed.gov/fp/attachments/fms_data_nslds/FSAFMSSYSSECURITYFebruary2011.doc. Users with additional questions should contact the FMS Help Desk at 1-800-433-7327, option 3.

Forms Overview
FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Form Overview

FSA will send email messages to Lenders when a payment is due to the Department of Education as a result of LaRS processing, identifying the amount due, and taking into account AR/AP netting. Lender representatives will log into FMS and select the FSA LARS Lender/Servicer Payment Submission responsibility to access the FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Form.

Login Process
Open an Internet session, and navigate to the "FSA-FMS Oracle Application Links" page:

https://fsa-fms.ed.gov/
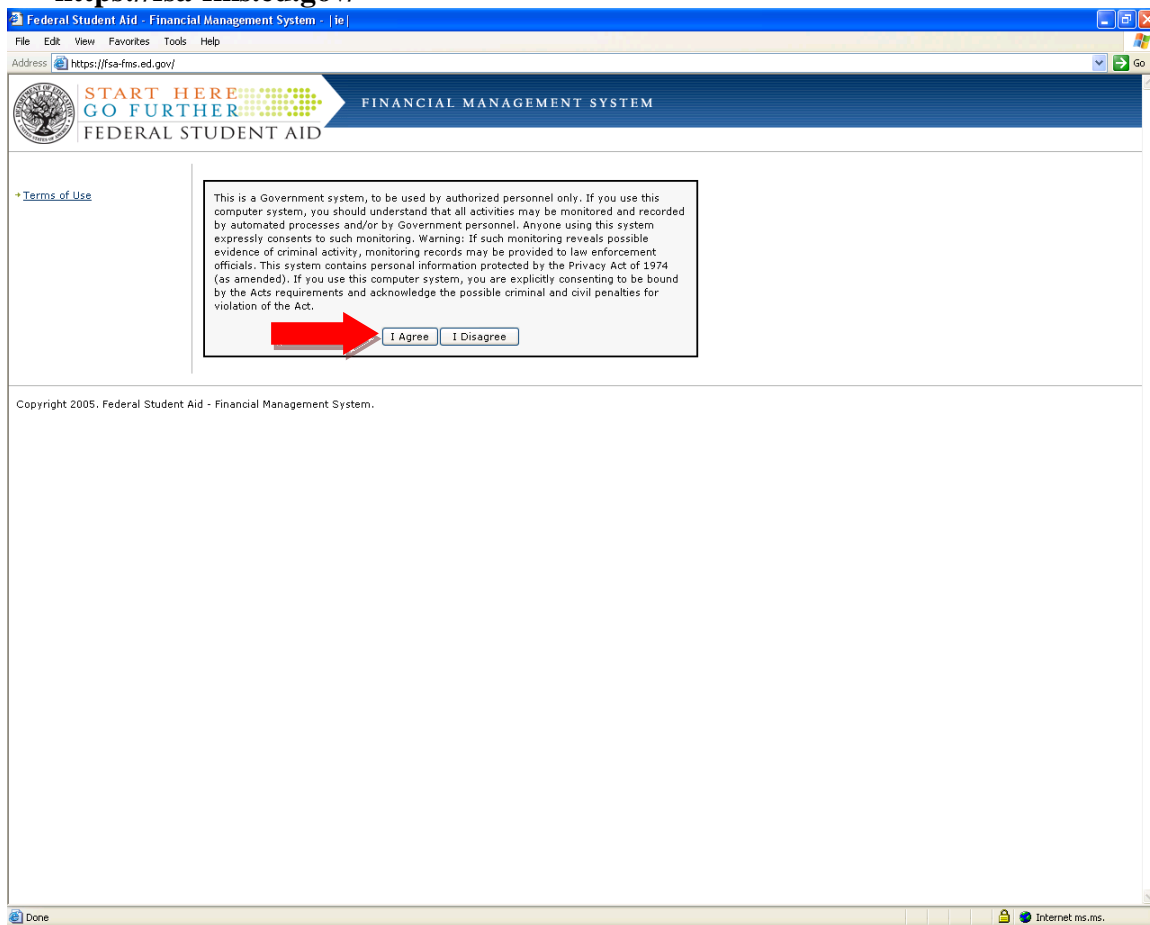
Click "**I Agree**"

If your connectivity is fine and you have accessed LaRS before, but you cannot access the LaRS website now: Please make sure that you have internet connectivity and make sure that you are accessing the LaRS through the following *URL: https://fsa-fms.ed.gov*.

If you receive the error message: '*Login failed. Please verify your login information or contact the system administrator'*, **you may be entering an incorrect User Name or password. Please try again. If you do not remember your user name or password, call the FMS Help Desk at 1-800-433-7327 Option #3 or email** **fms.operations@ed.gov** **so that they can help you.**
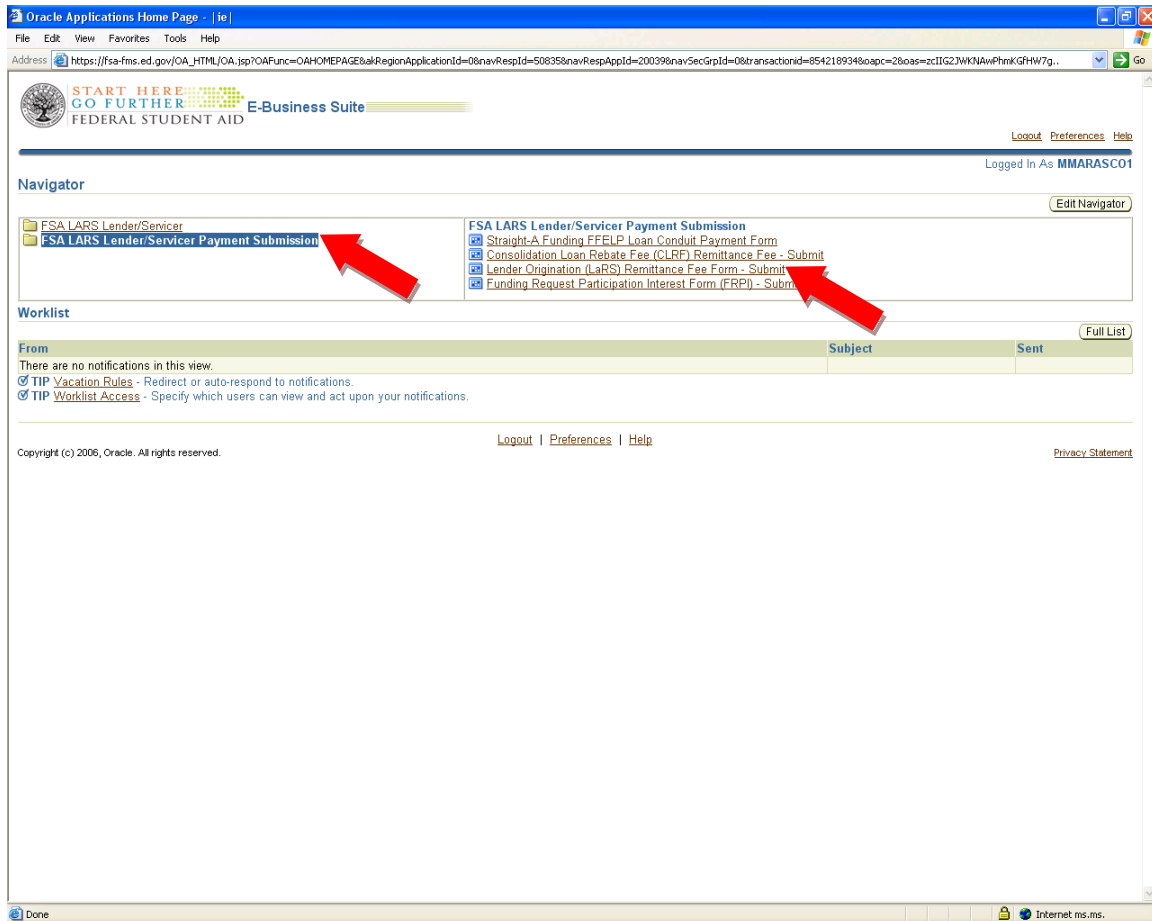
For password resets, you will be required to provide your response to the "Shared Secret" question that was requested on the form.
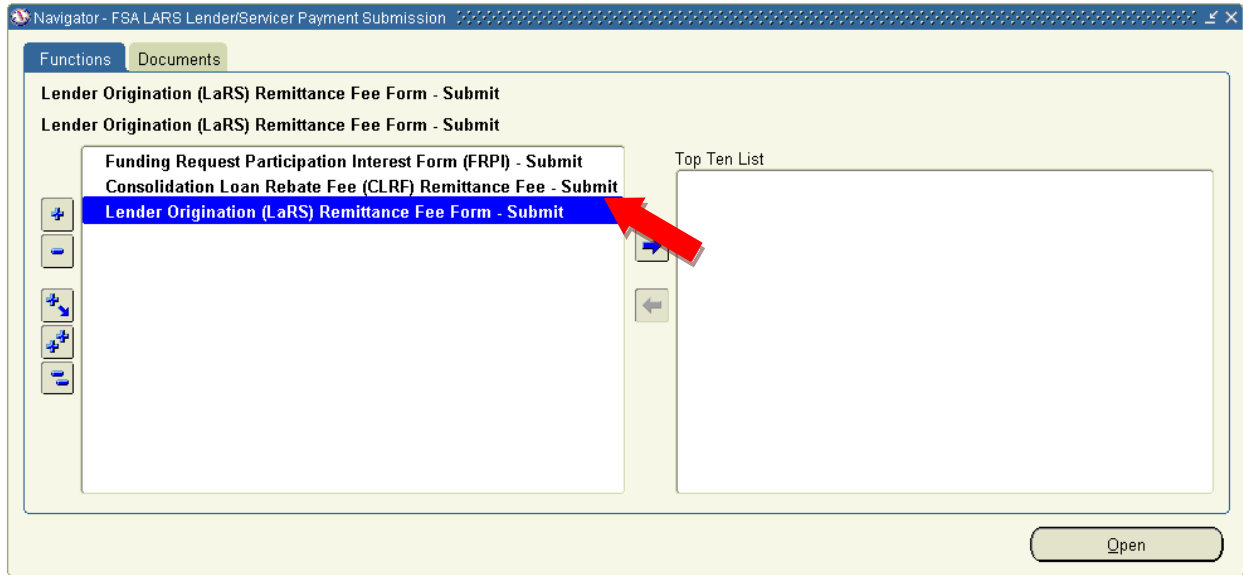
Login form will open:

Enter your **User Name** and **Password,** Click "**Login**"

The **Navigator** page will open allowing the user to select *FSA LARS Lender/Servicer Payment Submission*:

Select "FSA LARS Lender/Servicer Payment Submission"

Select "**Lender Origination (LaRS) Remittance Fee Form – Submit", click "Open".**

FFEL Lenders' Interest & Special Allowance (LaRS) Remittance Procedures Cont'd
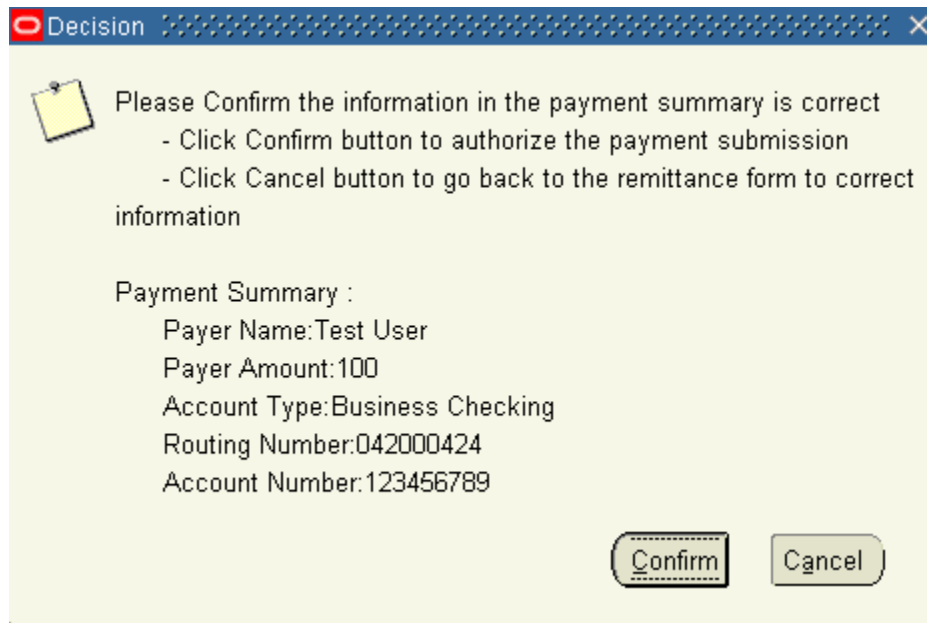

Enter the following fields into the form.

Field Definition

1. **Lender Name:** This field is pre-populated based on user login credentials. If you have multiple Lender Identification Numbers (LIDs) you may select your six-digit LID using the drop-down box.
2. **Payment Status:** This system-populated field tracks the status of each LaRS payment. Values include Submitted, Accepted, Returned, or Retired.
3. **Confirmation Number:** FMS assigns a Confirmation Number to each payment upon submission.
4. **Transaction Date:** This field is populated with the System Date for each new payment.
5. **Settlement Date:** This field will be populated once a payment clears Cashlink and settlement information is provided to FMS by Pay.gov
6. **Payer Name:** Mandatory free entry field. Please include Lender ID.
7. **Payment Amount:** FMS populates this field with the current amount due ED. Users may change the field value so long as it does not exceed the amount owed.
8. **Account Type:** This field is defaulted to Business Checking.
9. **Routing Number:** Mandatory free entry field. Incorrect Routing Number will result in validation failure upon submission.
10. **Account Number:** Mandatory free entry field. Incorrect Account Number will result in return of settlement – Lender will be notified upon retirement of payment. Maximum field size = 24 characters.
11. **Check Number:** Optional free entry field
12. **Error Code and Message:** This field will display the specific failure type if a payment is rejected.
13. **Error Detail:** This field will provide additional error information for rejected payments.

Click "**Submit Payment**" button.

Payment Confirmation Summary window will be displayed:

```
Decision ████████████████████████████████████████████████ ✕

    Please Confirm the information in the payment summary is correct
        - Click Confirm button to authorize the payment submission
        - Click Cancel button to go back to the remittance form to correct
    information

    Payment Summary :
        Payer Name:Test User
        Payer Amount:100
        Account Type:Business Checking
        Routing Number:042000424
        Account Number:123456789

                              [ Confirm ]   [ Cancel ]
```

Read and confirm the Payer Name, Payment Amount, Routing Number and Account Number fields are correct. To return to the remittance form and adjust payment details, click on the "**Cancel**" button. Otherwise, click on "**Confirm**".

The Payment Confirmation Summary window will close and Remittance form will reopen:

Note the following:
- Payment Status will change to "In Transit";
- Confirmation Number will be generated; please write this number down for future reference.
- Account Number will be partially masked, showing only the last 4 digits; and
- Submit button will be disabled.

FFEL Lenders' Interest & Special Allowance (LaRS) Query Procedures

Enter into Query mode through the following steps: *View; Query by Example; Enter or press F11*

The Form will enter query mode:

Enter a Confirmation Number and run query through the following steps: *View; Query by Example; Run or press 'Ctrl' F11*:

Payment information and Payment Status will appear.

FFEL Consolidation Loan Rebate Fee (CLRF) Report and Remittance Form Overview

Applicability: This FFEL Consolidation Loan Rebate Fee Report and Remittance Form is used to report to the U.S. Department of Education (ED) the Federal Consolidation Loan Interest Payment Rebate Fee authorized by subsection 428C(f) of the Higher Education Act of 1965, as amended. Help on completing this Consolidation Loan Rebate Fee Report and on correcting or adjusting prior reports can be obtained from FSA by calling the Help Desk at 1-800-433-7327, Option #3. **NOTE:** A lender holding one or more Federal Consolidation Loans at the end of the month must submit a payment for the Consolidation Loan Rebate Fee within 30 days of the end of the month for which the Fee is calculated.

Fee Calculation: The Federal Consolidation Loan Interest Payment Rebate Fee is calculated and paid monthly to ED. It is equal on a monthly basis to 0.0875 percent of the unpaid balance of principal and the accrued unpaid interest on all Federal Consolidation Loans disbursed after October 1, 1993, and held by the lender on the last day of the month. (This is equal to an annualized rate of 1.05 percent.) For loans based on applications received during the period from October 1, 1998 through January 31, 1999, inclusive, the rebate is equal on a monthly basis to .05167 percent of the unpaid balance of principal and the accrued unpaid interest. (This is equal to an annualized rate of 0.62 percent.)

Use the item-by-item instructions in the following pages to complete the Consolidation Loan Rebate Fee Report form online.

From the **Navigator** page:

Select "Consolidation Loan Rebate Fee (CLRF) Remittance Fee – Submit", click "Open".

Consolidation Loan Rebate Fee (CLRF) Remittance Payment Procedures

Enter the following fields into the form:

Field Definition

1. **Lender Name**: This field is pre-populated based on user login credentials. If you have multiple Lender Identification Numbers (LIDs) you may select your six-digit LID using the drop-down box.
2. **Servicer ID**: This field is pre-populated based on user login credentials. If you have multiple Servicer Identification Numbers (SIDs) you may select your six-digit SID using the drop-down box.
3. **Payment Status**: This system-populated field tracks the status of each CLRF payment. Values include Submitted, Accepted, Returned, or Retired.
4. **Confirmation Number**: FMS assigns a Confirmation Number to each payment upon submission.
5. **Reporting Period**: Use the drop-down box to enter the date of the last day of the month of the reporting period for which this Consolidation Loan Rebate Fee Report is being submitted. For the
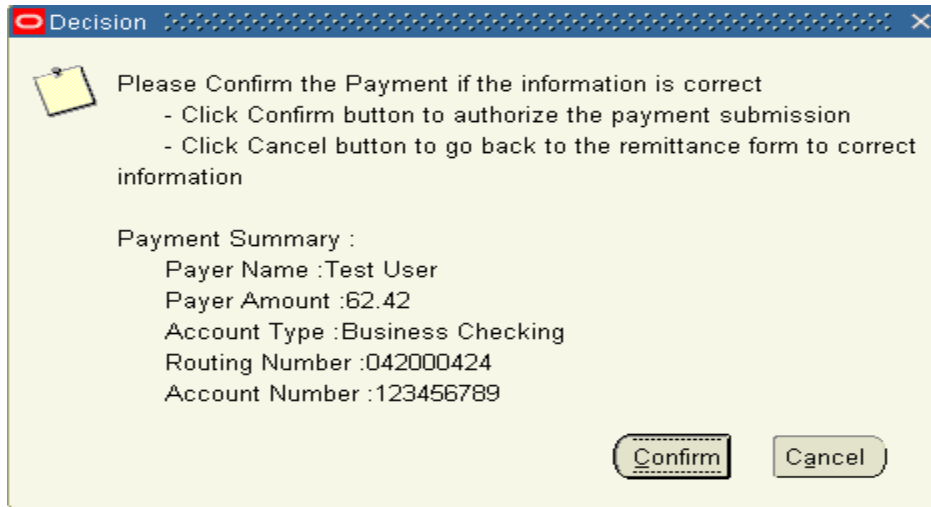
purpose of the Consolidation Loan Rebate Fee Report, a month is always a calendar month, starting on the first of the month and ending on the last day (the 30th or 31st, except for February). A calendar month reporting cycle must be used for the Consolidation Loan Rebate Fee Report even if you use a different reporting cycle (e.g. from the 26th day of one month to the 25th day of the following month) for internal or other reporting purposes.

6. **Applicable rate for Consolidation Loans Subject to the 1.05% fee:** This value has been pre-filled.

7. **Number of Loans:** Enter the number of loans subject to the 1.05% fee used to calculate the Consolidation Loan Rebate Fee. To determine this number, review all Federal Consolidation Loans held by you at the end of the month and identify the loans that were disbursed on or after October 1, 1993, *except for loans based on applications received during the period from October 1, 1998 through January 31, 1999, inclusive which are subject to the 0.62% fee.* Include a loan even if you were not the originating lender but purchased it at a later date. Include all loans eligible for insurance, even if an insurance claim has been filed, but not paid, as of close of business on the last day of the month.

8. **End-of-Month Principal Balance:** Enter the Principal Balance used to determine the Consolidation Loan Rebate Fee. For all Federal Consolidation Loans meeting the requirements in item 7, Number of Loans, determine the unpaid principal balance at the end of the day on the last day of the month. Payments received from borrowers on the last day of the month should be credited prior to determining the unpaid principal balance. Add the unpaid principal balances for all loans to determine the End-of-Month Principal Balance. You may round this total to the nearest dollar if desired.

9. **End-of-Month Accrued Unpaid Interest Balance:** Enter the End-of-Month Accrued Unpaid Interest Balance used to determine the Consolidation Loan Rebate Fee. For each loan for which an End-of-Month Principal Balance (see item 8) was determined, determine its accrued unpaid interest balance at the end of the day on the last day of the month. Payments received from borrowers or ED on the last day of the month should be credited prior to determining the accrued unpaid interest balance. Add the accrued unpaid interest balances for all loans to determine the End-of-Month Accrued Unpaid Interest Balance. You may round this total to the nearest dollar if desired.

10. **(through 13):** Repeat the instructions for Items 7 through 9, as they apply to Consolidation loans based on applications received during the period from October 1, 1998 through January 31,1999, inclusive, which are subject to the 0.62% fee.)

14. **Total Consolidation Loan Rebate Fee:** The system will use the information entered above to determine the amount of the Fee for the month. The system adds the End-of-Month Principal Balance (see item 8) to the End-of-Month Accrued Interest Balance (see item 9), and Multiplies this sum by 0.0875 percent (that is, .0008750). It then adds the End-of-Month Principal Balance (see item 12) to the and-of-Month Accrued Interest Balance (see item 13) and then multiplies this figure by .05167 percent (that is, .0005167). Please note that lenders/servicers may not manually change this system-calculated sum, nor may lenders/servicers pay less than the entire amount.

15. **Transaction Date:** This field is populated with the System Date for each new payment.

16. **Settlement Date:** This field will be populated once a payment clears Cashlink and settlement information is provided to FMS by Pay.gov

17. **Payer Name:** Mandatory free entry field. Please include Lender ID.

18. **Payment Amount:** FMS populates this field with the current amount of Interest and Special Allowance funds owed. Users may change the field value so long as it does not exceed the amount owed.

19. **Account Type:** This field is defaulted to Business Checking.

20. **Routing Number:** Mandatory free entry field. Incorrect Routing Number will result in validation failure upon submission.

21. **Account Number:** Mandatory free entry field. Incorrect Account Number will result in return of settlement – Lender will be notified upon retirement of payment. Max field size = 24 characters.

22. **Check Number:** Optional free entry field
23. **Error Code and Message:** This field will display the specific failure type if a payment is rejected.
24. **Error Detail:** This field will provide additional error information for rejected payments.

Click "**Submit Payment**" button.

Payment Confirmation Summary window will be displayed:

Read and confirm the Payer Name, Payment Amount, Routing Number and Account Number fields are correct. To return to the remittance form and adjust payment details, click on the "**Cancel**" button. Otherwise, click on "**Confirm**".

The Payment Confirmation Summary window will close and Remittance form will reopen:

Note the following:
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Consolidation Loan Rebate Fee (CLRF) Remittance Query Procedures

Enter into Query mode through the following steps: ***View; Query by Example; Enter or press F11***

The Form will enter query mode:

Enter a Confirmation Number and run query through the following steps: ***View; Query by Example; Run or press 'Ctrl' F11***:

Payment information and Payment Status will appear.